

**CS FOR SENATE BILL NO. 186(L&C)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - SECOND SESSION

BY THE SENATE LABOR AND COMMERCE COMMITTEE

Offered: 3/18/96

Referred: JUD, FIN

Sponsor(s): SENATE LABOR AND COMMERCE COMMITTEE BY REQUEST

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to partnerships; and providing for an effective date."

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 \* **Section 1.** AS 32.05.010(a) is amended to read:

4 (a) A partnership is an association of two or more persons to carry on as  
5 co-owners a business for profit, and includes a registered limited liability  
6 partnership.

7 \* **Sec. 2.** AS 32.05.030 is amended by adding a new subsection to read:

8 (e) A registered limited liability partnership shall hold title to all partnership  
9 property in the name of the registered limited liability partnership.

10 \* **Sec. 3.** AS 32.05.100 is amended to read:

11 Sec. 32.05.100. JOINT AND SEVERAL LIABILITY OF PARTNERS.

12 Except as provided in (b) of this section, all [ALL] partners are liable

13 (1) jointly and severally for everything chargeable to the partnership  
14 under AS 32.05.080 and 32.05.090;

15 (2) jointly for all other debts and obligations of the partnership; but any

1 partner may enter into a separate obligation to perform a partnership contract.

2 \* **Sec. 4.** AS 32.05.100 is amended by adding new subsections to read:

3 (b) A partner in a registered limited liability partnership that is in substantial  
4 compliance with AS 32.05.416 and 32.05.500 - 32.05.860 is not liable, directly or  
5 indirectly, including through indemnification, contribution, assessment, or other  
6 manner, for the debts, obligations, and liabilities of, or chargeable to, the partnership,  
7 whether in tort, in contract, or under another theory, that arise from negligence,  
8 wrongful acts, wrongful omissions, malpractice, or misconduct committed by another  
9 partner or by an employee or agent of the partnership

10 (1) while the partnership is a registered limited liability partnership; and

11 (2) in the course of the partnership business.

12 (c) The liability limitation in (b) of this section does not affect the liability of  
13 a partner in a registered limited liability partnership for the

14 (1) partner's own negligence, wrongful acts, wrongful omissions,  
15 malpractice, or misconduct;

16 (2) negligence, wrongful acts, wrongful omissions, malpractice, or  
17 misconduct in the course of the partnership business of a person under the partner's  
18 direct supervision and control; or

19 (3) loans, leases, and other ordinary commercial debts and obligations  
20 entered into by the partnership or by a partner with apparent authority to bind the  
21 partnership, even if the partner lacked actual authority or acted in breach of the  
22 partnership agreement or of a duty owed to the partnership or other partners, unless  
23 the creditor knew, or in the exercise of reasonable diligence should have known, that  
24 the partner was acting without actual authority or in breach of the partnership  
25 agreement or of a duty owed to the partnership or other partners.

26 (d) The liability limitation in (b) of this section may be waived by a registered  
27 limited liability partnership. The waiver may not be made unless made by the  
28 agreement of at least a majority in interest of the partners, or in a manner otherwise  
29 provided in a written partnership agreement. The waiver is valid and binding upon all  
30 partners, and may be relied upon by a person dealing with the partnership under  
31 AS 32.05.040(a). The waiver may be modified or revoked by the agreement of at least

1 a majority in interest of the partners, or in a manner otherwise provided in a written  
2 partnership agreement, except that the modification or revocation does not affect the  
3 liability of a partner for the debts, obligations, or liabilities incurred, created, or  
4 assumed by the partnership before the modification or revocation.

5 \* **Sec. 5.** AS 32.05.130 is amended to read:

6 Sec. 32.05.130. RULES DETERMINING RIGHTS AND DUTIES OF  
7 PARTNERS. The rights and duties of the partners in relation to the partnership shall  
8 be determined, subject to any agreement between them, by the following rules:

9 (1) each partner shall be repaid the partner's contributions, whether by  
10 way of capital or advances to the partnership property, and shares [SHARE] equally  
11 in the profits and surplus remaining after all liabilities, including those to partners, are  
12 satisfied; and, **except as provided in AS 32.05.100(b)**, shall contribute towards the  
13 losses, whether of capital or otherwise, sustained by the partnership according to the  
14 partner's share in the profits;

15 (2) the partnership shall indemnify every partner in respect of payments  
16 made and personal liabilities reasonably incurred by the partner in the ordinary and  
17 proper conduct of its business, or for the preservation of its business or property;

18 (3) a partner who in aid of the partnership makes a payment or advance  
19 beyond the amount of capital that the partner agreed to contribute shall be paid interest  
20 from the date of the payment or advance;

21 (4) a partner shall receive interest on the capital contributed by the  
22 partner only from the date when repayment should be made;

23 (5) all partners have equal rights in the management and conduct of the  
24 partnership business;

25 (6) a partner is not entitled to remuneration for acting in the partnership  
26 business, except that a surviving partner is entitled to reasonable compensation for  
27 services in winding up the partnership affairs;

28 (7) a person may not become a member of a partnership without the  
29 consent of all the partners;

30 (8) any difference arising as to ordinary matters connected with the  
31 partnership business may be decided by a majority of the partners; but an act in

1           contravention of an agreement between the partners may not be done rightfully without  
2           the consent of all the partners.

3   \* **Sec. 6.** AS 32.05.290 is amended to read:

4           Sec. 32.05.290.   PARTNER’S RIGHT TO CONTRIBUTION FROM  
5   COPARTNERS AFTER DISSOLUTION. Where the dissolution is caused by the act,  
6   death, or bankruptcy of a partner, each partner is liable to the copartners for the  
7   partner’s share of any liability created by a partner acting for the partnership as if the  
8   partnership had not been dissolved unless

9                           (1) the dissolution being by act of a partner, the partner acting for the  
10   partnership had knowledge of the dissolution; [OR]

11                           (2) the dissolution being by the death or bankruptcy of a partner, the  
12   partner acting for the partnership had knowledge or notice of the death or bankruptcy;

13   or

14                           **(3) the liability is for a debt, obligation, or liability for which the**  
15   **partner is not liable under AS 32.05.100(b).**

16   \* **Sec. 7.** AS 32.05.310(d) is amended to read:

17                           (d) The individual property of a deceased partner is liable for **the** [ALL]  
18   obligations of the partnership incurred while the decedent was a partner **and for which**  
19   **the partner is liable under AS 32.05.100** but subject to the prior payment of the  
20   decedent’s separate debts.

21   \* **Sec. 8.** AS 32.05.350 is amended to read:

22           Sec. 32.05.350.   RULES FOR SETTLING ACCOUNTS FOLLOWING  
23   DISTRIBUTION. In settling accounts between the partners after dissolution, the  
24   following rules shall be observed, subject to any agreement to the contrary:

25                           (1) the assets of the partnership are

26   (A) the partnership property;

27   (B) the contributions of the partners **as** [NECESSARY FOR  
28   THE PAYMENT OF ALL THE LIABILITIES] specified in **(4)** [(2)] of this  
29   section;

30                           (2) the liabilities of the partnership [SHALL] rank in order of payment  
31   as follows:

- 1 (A) those owing to creditors other than partners;
- 2 (B) those owing to partners other than for capital and profits;
- 3 (C) those owing to partners in respect of capital;
- 4 (D) those owing to partners in respect of profits;
- 5 (3) the assets shall be applied in the order of their declaration in (1) of
- 6 this section to the satisfaction of the liabilities;
- 7 (4) **except to the extent the liability of a partner is limited under**
- 8 **AS 32.05.100(b),**
- 9 (A) the partners shall contribute, as provided by
- 10 AS 32.05.130(1), the amount necessary to satisfy the liabilities;
- 11 (B) [, BUT] if any, but not all, of the partners **is** [ARE]
- 12 insolvent, or not being subject to process, **refuses** [REFUSE] to contribute, the
- 13 other partners shall contribute their share of the liabilities, and, in the relative
- 14 proportions in which they share the profits the additional amount necessary to
- 15 pay the liabilities;
- 16 (5) an assignee for the benefit of creditors or any person appointed by
- 17 the court may enforce the contributions specified in (4) of this section;
- 18 (6) a partner or the legal representative of a partner may enforce the
- 19 contributions specified in (4) of this section, to the extent of the amount that the
- 20 partner has paid in excess of the partner's share of the liability;
- 21 (7) the individual property of a deceased partner is liable for the
- 22 contributions specified in (4) of this section;
- 23 (8) when partnership property and the individual properties of the
- 24 partners are in the possession of a court for distribution, partnership creditors shall
- 25 have priority on partnership property and separate creditors on individual property,
- 26 saving the rights of lien or secured creditors as heretofore;
- 27 (9) where a partner has become bankrupt or the estate of a partner is
- 28 insolvent the claims against the partner's separate property [SHALL] rank in the
- 29 following order:
- 30 (A) those owing to separate creditors;
- 31 (B) those owing to partnership creditors;

1 (C) those owing to partners by way of contribution.

2 \* **Sec. 9.** AS 32.05 is amended by adding a new section to read:

3 Sec. 32.05.405. COMMERCE OUTSIDE THE STATE. (a) A partnership that  
4 is formed and operates under an agreement governed by this chapter may conduct its  
5 business, carry on its operations, and has and may exercise the powers granted by this  
6 chapter in a state, territory, district, or possession of the United States or in a foreign  
7 country.

8 (b) It is the intent of this chapter that the legal existence of a partnership be  
9 recognized outside the boundaries of the state and that a partnership transacting  
10 business outside the state be granted the protection of art. IV, sec. 1, Constitution of  
11 the United States, subject to a reasonable requirement of registration.

12 (c) The liability of the partners in a partnership for the debts, obligations, and  
13 liabilities of the partnership shall at all times be determined solely and exclusively by  
14 the laws of this state.

15 (d) In this section, "partnership" means a partnership that is formed and  
16 operates under an agreement governed by this chapter.

17 \* **Sec. 10.** AS 32.05 is amended by adding a new section to read:

18 Sec. 32.05.416. FINANCIAL RESPONSIBILITY. (a) A registered limited  
19 liability partnership shall at all times have and maintain liability insurance or  
20 qualifying assets in an amount of value not less than \$1,000,000 to satisfy liabilities  
21 described in AS 32.05.100(b). To the extent the partnership maintains liability  
22 insurance that is subject to a deductible, it shall maintain qualifying assets in the  
23 deductible amount, but the sum of the liability insurance and the qualifying assets is  
24 not required to exceed \$1,000,000.

25 (b) A foreign limited liability partnership may conduct business in this state  
26 under this chapter if it has and maintains liability insurance or qualifying assets in an  
27 amount of value not less than \$1,000,000 to satisfy liabilities that arise from acts or  
28 omissions in this state of the type described in AS 32.05.100(b).

29 (c) To the extent that a registered limited liability partnership or a foreign  
30 limited liability partnership maintains liability insurance or qualifying assets under the  
31 laws of another jurisdiction, the liability insurance or qualifying assets maintained

1 under those laws satisfy (a) - (b) of this section if the amount of the insurance or  
2 assets is equal to or greater than the amount required by (a) - (b) of this section.

3 (d) In a court action against a registered limited liability partnership or foreign  
4 limited liability partnership in the courts of this state, upon request of a party to the  
5 court action and subject to an order of the court, the partnership shall provide a  
6 certification stating that the partnership is in compliance with this section, describing  
7 the method by which the partnership has complied with (a) - (c) of this section, and  
8 identifying the depository institution holding the qualifying assets or insurance carrier  
9 issuing the liability insurance specified in (a) - (c) of this section.

10 (e) If a registered limited liability partnership or foreign limited liability  
11 partnership fails to maintain the insurance or qualifying assets required by (a) - (c) of  
12 this section, the partners are jointly and severally liable for the debts, obligations, and  
13 liabilities of the partnership, except that the aggregate amount for which the partners  
14 are jointly and severally liable is limited to the amount of insurance or qualifying  
15 assets that would have been required to satisfy the requirements of (a) - (c) of this  
16 section.

17 (f) In this section, "qualifying assets" means

18 (1) cash, federally insured deposits of a bank or other financial  
19 institution, and obligations of the United States or one of its instrumentalities having  
20 a maturity of not more than one year, if the partnership segregates the cash, deposits,  
21 or obligations from other partnership property and specifically designates the cash,  
22 deposits, or obligations for the exclusive purpose of satisfying liabilities described in  
23 AS 32.05.100(b); or

24 (2) a letter of credit issued by a federally insured depository institution  
25 for the benefit of persons in whose favor a judgment has been entered against the  
26 partnership arising from liabilities described in AS 32.05.100(b).

27 \* **Sec. 11.** AS 32.05.420 is amended to read:

28 Sec. 32.05.420. DEFINITIONS. In this chapter,

29 (1) "bankrupt" includes bankrupt under the Federal Bankruptcy Act or  
30 insolvent under any state insolvent act;

31 (2) "business" includes every trade, occupation, or profession;

1 (3) "commissioner" means the commissioner of commerce and  
2 economic development;

3 (4) "conveyance" includes every assignment, lease, mortgage, or  
4 encumbrance;

5 (5) [(4)] "court" includes every court and judge having jurisdiction in  
6 the case;

7 (6) "department" means the Department of Commerce and  
8 Economic Development;

9 (7) "foreign limited liability partnership" means a partnership that  
10 is formed and operates under an agreement governed by the laws of another  
11 jurisdiction and that is registered as a limited liability partnership in that  
12 jurisdiction;

13 (8) "partnership" includes a registered limited liability partnership;

14 (9) [(5)] "PERSON" INCLUDES INDIVIDUALS, PARTNERSHIPS,  
15 CORPORATIONS, AND OTHER ASSOCIATIONS;

16 (6)] "real property" includes land and any interest or estate in land;

17 (10) "registered limited liability partnership" means a partnership  
18 that is registered under AS 32.05.510 and that is formed and operates under an  
19 agreement governed by this chapter.

20 \* Sec. 12. AS 32.05 is amended by adding new sections to read:

21 ARTICLE 7. LIMITED LIABILITY PARTNERSHIPS.

22 Sec. 32.05.500. PARTNERSHIP AGREEMENT. The partners of a limited  
23 liability partnership may adopt a partnership agreement for the partnership and may  
24 amend and repeal the agreement.

25 Sec. 32.05.510. REGISTRATION REQUIRED. A partnership that is formed  
26 and operates under an agreement authorized by AS 32.05.500 may not conduct affairs  
27 in this state unless it registers as a registered limited liability partnership with the  
28 department. To register, the partnership must submit a registration document and the  
29 identification code statement required by AS 32.05.530 with the department.

30 Sec. 32.05.520. CONTENTS OF REGISTRATION DOCUMENT. (a) A  
31 registration document under AS 32.05.510 must provide



- 1 (1) the name of the partnership;
- 2 (2) the address of the partnership's principal office, if the partnership's
- 3 principal office is not located in this state;
- 4 (3) the address of the partnership's registered office in this state;
- 5 (4) the name and address of the partnership's registered agent in the
- 6 state for the service of process;
- 7 (5) a brief description of the purpose for which the partnership is
- 8 formed, which may be stated to be or to include the conduct of all lawful affairs for
- 9 which a limited liability partnership may be formed under this chapter;
- 10 (6) the name and address of each general partner maintaining an office
- 11 in this state;
- 12 (7) a statement that the general partners executing the registration
- 13 document acknowledge the responsibility of the partnership under AS 32.05.416;
- 14 (8) if an election has been made that the existence of the partnership
- 15 will continue until a certain date or event, a statement of the election and the date or
- 16 event;
- 17 (9) a statement that the partnership is applying for registration.

18 (b) A partnership formed under AS 32.05.500 may include other information  
19 in the registration document.

20 Sec. 32.05.530. DISCLOSURE OF PARTNERSHIP PURPOSES. An  
21 application for registration under this chapter must be accompanied by a separate  
22 statement of the codes taken from the identification codes established under  
23 AS 10.06.870 that most closely describe the activities in which the corporation intends  
24 to engage.

25 Sec. 32.05.540. EFFECTIVE DATE AND DURATION OF REGISTRATION.  
26 Registration under AS 32.05.510 is effective immediately when the registration  
27 document is filed under AS 32.05.510. The registration remains effective until the  
28 earlier of the date when

- 29 (1) the partnership voluntarily withdraws its registration under
- 30 AS 32.05.700; or
- 31 (2) the partnership's registration is cancelled under AS 32.05.710 -

1 32.05.720.

2 Sec. 32.05.550. AMENDMENT OF REGISTRATION DOCUMENT. (a) A  
3 registration document filed under AS 32.05.510 is amended by filing an amended  
4 registration document with the department. The document must state

- 5 (1) the name of the limited liability partnership;  
6 (2) the date of the filing of the original document of registration;  
7 (3) the amendment to the document.

8 (b) An amendment may be filed at any time for any purpose that the partners  
9 determine to be proper.

10 (c) A restated registration document may be executed and filed in the same  
11 manner as an amendment.

12 Sec. 32.05.560. STATUS UNAFFECTED BY ERRORS OR SUBSEQUENT  
13 CHANGES. The registration status of a registered limited liability partnership is not  
14 affected by errors in the information provided in a registration application or by  
15 changes that occur in the information provided in the registration application after the  
16 application is filed.

17 Sec. 32.05.570. NAME. (a) The name of a registered limited liability  
18 partnership must contain the words "Limited Liability Partnership," the abbreviation  
19 "L.L.P.," or the abbreviation "LLP," as the last words or letters of its name.

20 (b) The name of a city, borough, or village may be used in a limited liability  
21 partnership name; however, the name may not contain the word "city," "borough," or  
22 "village," or otherwise imply that the partnership is a municipality.

23 (c) A person may not adopt a name that contains the words "Limited Liability  
24 Partnership," the abbreviation "L.L.P.," or the abbreviation "LLP" unless the person  
25 has been issued a certificate of registration under this chapter.

26 Sec. 32.05.580. DISTINGUISHABLE NAMES. The name of a limited  
27 liability partnership must be distinguishable on the records of the department from

28 (1) the name of a limited liability partnership, limited liability company,  
29 limited partnership, or corporation organized under the laws of this state;

30 (2) the name of a foreign limited liability partnership, foreign limited  
31 liability company, foreign limited partnership, or foreign corporation authorized to

1 transact business in this state;

2 (3) a name reserved or registered by the department under the  
3 provisions of this title or AS 10.

4 Sec. 32.05.590. RIGHT TO RESERVE NAME. The exclusive right to use a  
5 name may be reserved by a

6 (1) person intending to register a limited liability partnership and to  
7 adopt the name;

8 (2) person intending to register a foreign limited liability partnership  
9 under this chapter;

10 (3) limited liability partnership or a foreign limited liability partnership  
11 registered under this chapter that intends to change its name.

12 Sec. 32.05.600. APPLICATION TO RESERVE NAME. Reservation of a  
13 name under AS 32.05.590 is made by filing an application with the department. If the  
14 department finds that the name is available for use by a limited liability partnership,  
15 the department shall reserve it for the exclusive use of the applicant for a period of  
16 120 days.

17 Sec. 32.05.610. REGISTRATION OF NAME. (a) A foreign limited liability  
18 partnership not intending to conduct affairs in this state may register its name if the  
19 name is distinguishable on the records of the department.

20 (b) Registration of a name by a foreign limited liability partnership under (a)  
21 of this section is made by filing with the department

22 (1) a signed application for registration setting out the name of the  
23 partnership, the state or territory under the laws of which it is formed, and the date the  
24 partnership was formed; and

25 (2) proof from the jurisdiction where the partnership is formed  
26 indicating that the partnership was formed in that jurisdiction.

27 (c) The registration of a name under this section is effective until the close of  
28 the calendar year in which the application for registration is filed.

29 (d) The registration of a name under this section may be renewed each year  
30 by filing

31 (1) an application for renewal setting out the facts required in an

1 original application; and

2 (2) proof of formation as required by (b)(2) of this section.

3 (e) An application for renewal must be filed between October 1 and  
4 December 31 in each year. The renewal extends the registration for the following  
5 calendar year.

6 Sec. 32.05.620. USE OF NONDISTINGUISHABLE NAME. Registration or  
7 reservation under this chapter gives the person who has registered exclusive right to  
8 the use of the name. The person may enjoin the use of a name that is not  
9 distinguishable from the name to which the person has the exclusive right, and the  
10 person has a cause of action for damages against a person who uses a name that is not  
11 distinguishable from the name to which the person has the exclusive right.

12 Sec. 32.05.630. REGISTERED AGENT AND OFFICE. A registered limited  
13 liability partnership and a foreign limited liability partnership shall maintain in the  
14 state a registered office and an agent for the service of process.

15 Sec. 32.05.640. CHANGE OF REGISTERED OFFICE OR AGENT. (a) A  
16 registered limited liability partnership may change its registered office, agent, or both,  
17 by filing with the department a verified signed statement that includes

18 (1) the name of the partnership;

19 (2) the address of its registered office;

20 (3) the address of its new registered office if the registered office is to  
21 be changed;

22 (4) the name of its registered agent;

23 (5) the name of its new registered agent if the registered agent is to be  
24 changed; and

25 (6) a statement that the change was authorized by one or more of the  
26 partners.

27 (b) If the department finds that the statement filed under (a) of this section  
28 complies with this chapter, the department shall file the statement in the department's  
29 office. The change becomes effective when the statement is filed.

30 (c) A registered agent of a limited liability partnership may change the location  
31 of the agent's office from one address to another in this state. The agent may change

1 the registered office for each limited liability partnership for which the person is acting  
2 as registered agent by filing in the department a statement setting out the name of the  
3 agent, the address of the agent's office before change, the address to which the office  
4 is changed, and a list of companies for which the person is the registered agent. The  
5 statement shall be executed by the registered agent in the individual name of the agent,  
6 or, if the agent is a corporation, it shall be executed and verified by its president or  
7 vice-president. The statement shall be delivered to the department and the limited  
8 liability partnership, and, if the department finds that the statement complies with this  
9 chapter, the department shall file it. The change becomes effective when the statement  
10 is filed.

11 Sec. 32.05.650. RESIGNATION BY REGISTERED AGENT. A registered  
12 agent may resign by filing a written notice and an exact copy of the notice with the  
13 department. The written notice of resignation must set out the latest address of the  
14 principal office of the partnership and the names and addresses of the general partners  
15 known by the agent. The department shall immediately mail a copy of the notice to  
16 the partnership at its principal office. The resignation becomes effective 30 days after  
17 the filing of the written notice unless the partnership appoints a successor registered  
18 agent before the resignation becomes effective.

19 Sec. 32.05.660. SERVICE OF PROCESS. (a) The registered agent of a  
20 registered limited liability partnership is an agent upon whom process, notice, or  
21 demand required or permitted by law to be served upon the partnership may be served.

22 (b) If a limited liability partnership fails to appoint or maintain a registered  
23 agent in this state or if its registered agent cannot with reasonable diligence be found  
24 at the registered office, the commissioner is an agent of the partnership upon whom  
25 the process, notice, or demand may be served. A person may serve the commissioner  
26 under this subsection by

27 (1) serving on the commissioner or the designee of the commissioner  
28 a copy of the process, notice, or demand, with any papers required by law to be  
29 delivered in connection with the service, and a fee established by the department by  
30 regulation;

31 (2) sending to the partnership being served by certified mail a notice

1 that service has been made on the commissioner under this subsection and a copy of  
2 the process, notice, or demand and accompanying papers; notice to the partnership  
3 shall be sent to the address

4 (A) of the last registered office of the partnership as shown by  
5 the records on file in the department; and

6 (B) the use of which the person initiating the proceedings  
7 knows or, on the basis of reasonable inquiry, has reason to believe is most  
8 likely to result in actual notice; and

9 (3) filing with the appropriate court or other body, as part of the return  
10 of service, the return receipt of mailing and an affidavit of the person initiating the  
11 proceedings that this subsection has been complied with.

12 (c) The commissioner shall keep a record of processes, notices, and demands  
13 served upon the commissioner under this section.

14 (d) This section does not affect the right to serve process, notice, or demand  
15 required or permitted by law to be served upon a limited liability partnership in  
16 another permitted manner.

17 Sec. 32.05.670. BIENNIAL REPORT REQUIRED. A registered limited  
18 liability partnership and a foreign limited liability partnership shall file a biennial  
19 report within the time established by AS 32.05.

20 Sec. 32.05.680. CONTENTS OF BIENNIAL REPORT. A biennial report  
21 required under AS 32.05.670 must state

22 (1) the name of the limited liability partnership and the state or country  
23 where it was formed;

24 (2) the address of the registered office of the partnership in this state,  
25 the name of its registered agent in this state at that address, and, in the case of a  
26 foreign limited liability partnership, the address of its principal office in the state or  
27 country where it was formed; and

28 (3) the names and addresses of the partners.

29 Sec. 32.05.690. FILING OF BIENNIAL REPORT. (a) A biennial report  
30 required by AS 32.05.670 shall be filed with the department and is due before  
31 January 2 of the filing year. A domestic limited liability partnership and a foreign

1 limited liability partnership registering during an even-numbered year shall file the  
2 biennial report each even-numbered year. A domestic limited liability partnership and  
3 a foreign limited liability partnership registering during an odd-numbered year shall  
4 file the biennial report each odd-numbered year. The biennial report is delinquent if  
5 not filed before February 1 of each odd- or even-numbered year as provided in this  
6 subsection.

7 (b) Proof to the satisfaction of the department that on or before February 1 the  
8 report was deposited in the United States mail in a sealed envelope, properly addressed  
9 with postage prepaid, satisfies the deadline of (a) of this section.

10 (c) The department shall file the report if it conforms to the requirements of  
11 this chapter. If the department finds that the report does not conform to the  
12 requirements of this chapter, the report shall promptly be returned to the partnership  
13 for necessary corrections.

14 Sec. 32.05.700. VOLUNTARY WITHDRAWAL OF REGISTRATION. A  
15 registered limited liability partnership may withdraw its registration by filing with the  
16 department a written withdrawal notice that is signed by a partner authorized to  
17 execute the withdrawal notice.

18 Sec. 32.05.710. CANCELLATION OF REGISTRATION UPON  
19 DISSOLUTION. The registration of a registered limited liability partnership shall be  
20 cancelled upon the dissolution and the commencement of winding up of the  
21 partnership. A notice of cancellation shall be filed with the department and must state

- 22 (1) the name of the registered limited liability partnership;  
23 (2) the date of filing of its initial registration;  
24 (3) the reason for cancellation;  
25 (4) the effective date, which must be a date certain, of cancellation if  
26 the cancellation is not to be effective upon the filing of the application; and  
27 (5) other information the general partners determine to be appropriate.

28 Sec. 32.05.720. INVOLUNTARY CANCELLATION. (a) A registered limited  
29 liability partnership's registration may be cancelled involuntarily by the commissioner  
30 if

- 31 (1) the partnership is delinquent six months in filing its biennial report

1 or in paying a fee or penalty;

2 (2) the partnership has failed for 30 days to appoint and maintain a  
3 registered agent in the state;

4 (3) the partnership has failed for 30 days after change of its registered  
5 office or registered agent to file in the office of the commissioner a statement of the  
6 change; or

7 (4) a misrepresentation of material facts has been made in an  
8 application, report, affidavit, or other document submitted under this chapter.

9 (b) Before a registration may be cancelled under this section, the commissioner  
10 shall give the partnership written notice of its delinquency, failure, or misrepresentation  
11 by certified mail addressed to its registered agent, registered office, or partners at the  
12 last known address as shown by the records of the commissioner. If the partnership  
13 fails, within 60 days after the notice is sent by certified mail, to contest the alleged  
14 delinquency, failure, or misrepresentation, the partnership may be dissolved under (d)  
15 of this section.

16 (c) If a registered limited liability partnership contests the proposed  
17 cancellation, the partnership may request a hearing. If, following a hearing, the  
18 commissioner decides there are grounds, under (a) of this section, for involuntary  
19 cancellation under this section, the partnership may appeal the decision to the superior  
20 court.

21 (d) If the registration of a registered limited liability partnership is subject to  
22 cancellation under (a) - (c) of this section, the partnership fails to correct the  
23 delinquency, failure, or misrepresentation as provided in this section, and there is no  
24 controlling order of the superior court, the commissioner shall cancel the partnership  
25 by issuing a certificate of involuntary cancellation. The certificate must contain a  
26 statement that the partnership's registration has been cancelled, and the date and the  
27 reason for the cancellation. The original certificate shall be placed in the department's  
28 files and a copy of it mailed to the partnership at its registered office or in care of its  
29 registered agent, at the last known address shown on the records of the department.  
30 Upon the issuance of the certificate of involuntary cancellation, the existence of the  
31 partnership ceases, except as otherwise provided in this chapter, and its name shall be



1 available for use and may be adopted by another limited liability partnership on a date  
2 that is six months or more after the cancellation.

3 (e) If the registration of a registered limited liability partnership is cancelled  
4 under this section, the registration may be reinstated within two years from the date  
5 of the certificate of cancellation if it is established to the satisfaction of the  
6 commissioner that in fact (1) there was no cause for the cancellation, or the  
7 delinquency, failure, or misrepresentation resulting in cancellation has been corrected;  
8 and (2) the partnership pays two times the amount of any delinquent fee and the  
9 amount the partnership would have paid had it not been cancelled during the two-year  
10 period. Unless the partnership being reinstated amends its registration to change its  
11 name to comply with AS 32.05.570 - 32.05.620, reinstatement may not be authorized  
12 if the name of the partnership is not distinguishable in the records of the department.

13 Sec. 32.05.730. FOREIGN LIMITED LIABILITY PARTNERSHIPS. (a) In  
14 addition to the requirements of AS 32.05.416, before a foreign limited liability  
15 partnership conducts affairs in this state, the partnership must submit to the department  
16 an application for registration.

17 (b) Subject to the constitution of this state, and except that a partner in the  
18 partnership is liable for acts and omissions in this state of the type described in  
19 AS 32.05.100(c), the law of the state or other jurisdiction under which a foreign  
20 limited partnership is formed governs the affairs of the partnership.

21 (c) The department may not deny registration to a foreign limited liability  
22 partnership because of differences between the law of this state and the law of the state  
23 or other jurisdiction under which the foreign limited liability partnership is formed.

24 Sec. 32.05.740. CONTENTS OF REGISTRATION APPLICATION. (a) An  
25 application for the registration of a foreign limited liability partnership must state

26 (1) the name of the foreign limited liability partnership and, if different,  
27 the name the partnership proposes to use in this state;

28 (2) the state or other jurisdiction where the partnership was formed and  
29 the date of its formation;

30 (3) the name and address of its registered agent;

31 (4) that the department is appointed the agent of the partnership for

1 service of process if the foreign limited liability partnership fails to appoint or maintain  
2 a registered agent;

3 (5) the address of the office that is required by the state or other  
4 jurisdiction of the partnership's formation to be maintained in that state or other  
5 jurisdiction, or, if the state or other jurisdiction does not require an office to be  
6 maintained in that state or other jurisdiction, the principal office of the partnership;

7 (6) the purpose the partnership proposes to pursue in the conduct of its  
8 affairs in this state and the codes from the identification code established under  
9 AS 10.06.870 that most closely describe the activities in which the partnership intends  
10 to engage in this state; and

11 (7) the names and addresses of the general partners.

12 (b) In addition to the information required by (a) of this section, an application  
13 must include proof from the jurisdiction where the partnership was formed that  
14 indicates that the partnership was formed in that jurisdiction.

15 Sec. 32.05.750. NAME OF FOREIGN LIMITED LIABILITY  
16 PARTNERSHIP. The department may not file the application for registration of a  
17 foreign limited liability partnership unless the name of the partnership satisfies the  
18 requirements of AS 32.05.570 - 32.05.620. If the name under which a foreign limited  
19 liability partnership is formed does not satisfy the requirements of AS 32.05.570 -  
20 32.05.620, the partnership may register under AS 32.05.730 if the partnership uses an  
21 assumed name that is available to the partnership under this chapter and that satisfies  
22 the requirements of AS 32.05.570 - 32.05.620.

23 Sec. 32.05.760. AMENDMENT OF REGISTRATION OF FOREIGN  
24 LIMITED LIABILITY PARTNERSHIP. (a) A foreign limited liability partnership  
25 may amend its registration by filing an amendment of registration with the department  
26 that is signed by a partner authorized to execute the amendment.

27 (b) The amendment of registration filed by a foreign limited liability  
28 partnership must state

29 (1) the name of the partnership;

30 (2) the date the original registration was filed; and

31 (3) the amendment.

1 (c) The application for registration may be amended if the application for  
2 registration as amended contains only provisions that this chapter allows to be  
3 contained in an application for registration at the time the partnership amends the  
4 registration.

5 Sec. 32.05.770. REVOCATION OF REGISTRATION OF FOREIGN  
6 LIMITED LIABILITY PARTNERSHIP. (a) The registration of a foreign limited  
7 liability partnership authorizing the partnership to conduct affairs in this state may be  
8 revoked by the commissioner if

9 (1) the partnership is delinquent for six months in filing its biennial  
10 report or in paying a fee or penalty imposed under this chapter;

11 (2) the partnership has failed for 30 days to appoint and maintain a  
12 registered agent in the state;

13 (3) the partnership has failed for 30 days after change of its registered  
14 office or registered agent to file in the office of the commissioner a statement of the  
15 change; or

16 (4) a misrepresentation of material facts has been made in an  
17 application, report, affidavit, or other document submitted under this chapter.

18 (b) Before a registration may be revoked under this section, the commissioner  
19 shall give the partnership written notice of its delinquency, failure, or misrepresentation  
20 by certified mail addressed to its registered agent, registered office, or partners at the  
21 last known address as shown by the records of the commissioner. If the partnership  
22 fails, within 60 days after the notice is sent by certified mail, to contest the alleged  
23 delinquency, failure, or misrepresentation, the registration may be revoked under (d)  
24 of this section.

25 (c) If a partnership contests the proposed cancellation, the partnership may  
26 request a hearing. If, following a hearing, the commissioner decides there are grounds  
27 for revocation under this section, the partnership may appeal the decision to the  
28 superior court.

29 (d) If the registration of a foreign limited liability partnership is subject to  
30 revocation under (a) - (c) of this section, the partnership fails to correct the  
31 delinquency, failure, or misrepresentation as provided in this section, and there is no

1 controlling order of the superior court, the commissioner shall revoke the partnership  
2 by issuing a certificate of revocation containing a statement that the partnership's  
3 registration has been revoked, and the date and the reason for the revocation. Upon  
4 cancellation, the original certificate of cancellation shall be placed in the department's  
5 files and a copy of the certificate mailed to the partnership at its registered office or  
6 in care of its registered agent at the last known address shown on the records of the  
7 department. Upon the issuance of the certificate of revocation, the foreign limited  
8 liability partnership's authority to conduct affairs in this state ceases.

9 Sec. 32.05.780. VOLUNTARY WITHDRAWAL OF FOREIGN LIMITED  
10 LIABILITY PARTNERSHIP. (a) A foreign limited liability partnership registered in  
11 this state may withdraw its registration by filing an application for withdrawal with the  
12 department.

13 (b) An application for withdrawal filed by a foreign limited liability  
14 partnership must state

15 (1) the name of the partnership and the state or other jurisdiction where  
16 the partnership was formed;

17 (2) that the partnership is no longer conducting affairs in this state;

18 (3) that the partnership is withdrawing;

19 (4) that the partnership revokes the authority of its registered agent for  
20 service of process in this state and agrees that service of process may subsequently be  
21 made on the partnership by service on the commissioner for a cause of action arising  
22 in this state during the time the partnership was registered in this state; and

23 (5) an address for mailing a copy of the process to the partnership.

24 (c) The application for withdrawal must be in the form and manner designated  
25 by the department and shall be signed on behalf of the foreign limited liability  
26 partnership by a partner authorized to execute the application for withdrawal.

27 Sec. 32.05.790. CONDUCTING AFFAIRS WITHOUT REGISTRATION. (a)  
28 A foreign limited liability partnership conducting affairs in this state may not maintain  
29 an action or other proceeding in a court of this state until it has registered in this state.

30 (b) A foreign limited liability partnership that conducts affairs in this state  
31 without registration is subject to a civil penalty payable to the state not to exceed

1 \$10,000 for each calendar year, including a partial year, that the partnership conducts  
2 affairs in this state without being registered under this chapter. The civil penalty  
3 imposed may be recovered in an action brought in the superior court by the attorney  
4 general.

5 (c) The failure of a foreign limited liability partnership to register in this state  
6 does not

7 (1) impair the validity of a contract or act of the partnership;

8 (2) affect the right of another party to a contract of the partnership to  
9 maintain a suit or proceeding on the contract; or

10 (3) prevent the partnership from defending an action or other  
11 proceeding in a court of this state.

12 Sec. 32.05.800. TRANSACTIONS NOT CONSTITUTING CONDUCTING  
13 AFFAIRS. The activities of a foreign limited liability partnership that are not  
14 considered to be conducting affairs in this state for the purposes of AS 32.05.720  
15 include

16 (1) maintaining, defending, or settling a court action or other  
17 proceeding or claim;

18 (2) holding partnership meetings in this state;

19 (3) maintaining bank accounts;

20 (4) selling through independent contractors;

21 (5) soliciting or procuring orders by mail, through employees, agents,  
22 or other persons if the orders require acceptance outside the state before becoming  
23 binding contracts;

24 (6) creating as borrower or lender, or acquiring, indebtedness or  
25 mortgages or other security interests in real or personal property;

26 (7) securing or collecting debts, or enforcing rights in property securing  
27 debts;

28 (8) conducting an isolated transaction that is completed within 30 days  
29 and that is not part of a course of repeated transactions of a similar nature; or

30 (9) conducting affairs in interstate commerce.

31 Sec. 32.05.810. EXECUTION OF DOCUMENTS. A registration document

1 filed under AS 32.05.510 or a biennial report filed under AS 32.05.670 shall be  
2 executed by a partner authorized to execute the registration document or biennial  
3 report.

4 Sec. 32.05.820. SUBMISSION OF DOCUMENTS TO THE DEPARTMENT.

5 When a document is required or allowed to be delivered to or filed with the  
6 department under AS 32.05.500 - 32.05.860, the person delivering the document shall  
7 deliver to the department the required fee, the original signed document, and an exact  
8 copy of the document.

9 Sec. 32.05.830. FILING OF DOCUMENTS BY THE DEPARTMENT. (a)

10 If the department determines that a document filed under AS 32.05.500 - 32.05.860  
11 conforms to the filing requirements of AS 32.05.500 - 32.05.860, the department shall

12 (1) mark on the original signed document and on the exact copy the  
13 word "filed" and the date of the document's acceptance for filing;

14 (2) retain the exact copy in the department's files; and

15 (3) return the original signed document to the person who filed the  
16 document or to that person's representative.

17 (b) The department may not file a document that does not meet the  
18 requirements of this section.

19 Sec. 32.05.840. DISAPPROVAL OF WRITING BY DEPARTMENT;  
20 APPEAL. If the department fails to approve applications for registration, amendment,  
21 cancellation, or withdrawal, or another document required by AS 32.05.500 - 32.05.860  
22 to be approved by the department, the department shall, within 10 days after the  
23 delivery of the document to the department, give written notice of disapproval to the  
24 person delivering the document. The notice must specify the reasons for disapproval.  
25 The person may appeal the disapproval to the superior court.

26 Sec. 32.05.850. FILING AND OTHER FEES. The department shall charge  
27 fees established by the department by regulation for the following under AS 32.05.500  
28 - 32.05.860:

29 (1) filing applications for registration;

30 (2) filing amendments to registration;

31 (3) filing applications for cancellation or withdrawal;

- 1 (4) issuing a document not otherwise covered by this section;  
2 (5) furnishing a copy of a document;  
3 (6) accepting an application for reservation or registration of a name;  
4 (7) filing a statement of change of registered agent or registered office;  
5 (8) accepting service of a process, notice, or demand upon the  
6 department;  
7 (9) filing another document allowed or required under this chapter.

8 Sec. 32.05.860. DEPARTMENT FORMS. The department may provide forms  
9 for filing documents under AS 32.05.500 - 32.05.850.

10 \* **Sec. 13.** ADOPTION OF REGULATIONS. The department of Commerce and Economic  
11 Development may adopt regulations to implement AS 32.05.660(b)(1), added by sec. 12 of  
12 this Act. The regulations take effect under AS 44.62, but not before the effective date of  
13 AS 32.05.660.

14 \* **Sec. 14.** A foreign limited liability partnership conducting affairs in this state shall  
15 comply with AS 32.05.730(a), added by sec. 12 of this Act, on or before 30 days after the  
16 effective date of sec. 12 of this Act.

17 \* **Sec. 15.** Section 13 of this Act takes effect immediately under AS 01.10.070(c).

18 \* **Sec. 16.** Sections 1 - 12 and 14 of this Act take effect January 1, 1997.